CSR Approach for SP Group : updated December 2013

CSR Vision for SP Group :
                "**C**reating a **S**ustainable and **R**esponsible business"

Our belief :
At Shapoorji Pallonji, we are committed to enriching people's lives and being environmentally responsible.

Shapoorji Pallonji is committed to being a socially responsible business. For us, at SP, business is as much about integrating societal, economic and environmental obligations as it is about creating business value. Thereby contributing in our own small way to making *our world a better place*

Creation of

Focus areas of development :

The Group's business interests are diversified, however the central theme that runs through them all, is 'development'. Our business is all about development- the infrastructure we provide, the landmarks we help construct, the re-development projects we engage in, health and hygiene solutions we provide to the consumer and our specific efforts towards up-liftment of the poor marginalized and the rural communities.
Keeping in mind the above and our constant engagement with the community, we have identified our Pillars of Sustainable Development as-
    1. <u>Improve Quality of Life</u> : safe drinking water, sanitation, health
    2. <u>Environment preservation</u> : carbon footprint reduction, increasing green cover, promote bio-diversity
    3. <u>Education and skills training</u> : underprivileged children and young adults, tribal communities
    4. <u>Inclusion</u> : training and earning opportunity to differently challenged youth, alleviation of poverty, financial inclusion for migrant labour

Quality of Life covers WaSH: Water, Sanitation, Hygiene leading to better Health. Our goal here will be to work towards long-term impact by changing habits, inculcating awareness of safe drinking water, good sanitation and hygiene. Provide necessary infrastructural support- community level drinking water plants, filters and educate create awareness on need for safe water and hygiene. To enable sustainability, the local community will be equal participants to the programme, contributing to actual construction, monitoring maintaining and reporting on impact and usage.
We will also seek to provide affordable world-class health care facilities to under privileged

Environment preservation includes adopting energy conservation material in construction, creating awareness on minimum waste, promoting 'green building' design and construction.
Measure and reduce carbon footprint, involving employees in conservation practices, utilizing environment-friendly materials, rainwater harvesting and water conservation.
Set a goal to consciously 'green our planet' through planting of trees, 'the one-million tree campaign'

Education seeks to mainstream children (specific focus on children of migrant workers) by providing them with non-formal schooling opportunities which later translate to school admissions. We also have a goal to support tribal schools in the far-flung hamlets and convert them to 'model' educational institutions. **Skill based training** to young adults (who constitute nearly 50% of India's population) will be achieved through livelihoods skills programmes.

Inclusion and development of the urban poor (impacted by re-development projects), training and providing employment opportunity to differently abled youth, financial inclusion facilities for the poor and migrant workers

Identification of Projects, Selection of Partners, setting Measureable Objectives with timeframe and Reporting:

The above Focus Areas will serve as the Guideposts for selection of Projects.

1. Projects will have detailed Objectives, Impact areas, Targets, Beneficiaries and Timeframe.
2. Partner organisations like NGOs, village panchayat, local Government and District authorities will be engaged so as to enable wider reach and leverage upon the collective expertise and experience.
3. Our primary work is sustainable projects, charity efforts will be solely for medical aid, education aid and alleviation of poverty.
4. Group CSR will be the enabler for all sustainability linked projects, with individual Company CSR teams adopting projects alongwith Group CSR

Recommended Operating Model for CSR:

1. Formation of CSR Committee (Board of Directors) which will determine the CSR Policy.
2. The Committee and Policy to be formally tabled and approved in by the Board of Directors. The CSR Committee will also recommend the projects to be supported and the spends.
3. The CSR Committee can appoint a working group to help it enable the implementation of CSR across the company.
4. At Group level the Group Sustainability Council will be the apex body for CSR
5. Annual CSR Plan and budget to be finalized by first quarter alongwith Chairman and Managing Director
6. Project adoption to be identified between Companies and Group level
7. Identification of partner (NGO, Government body, panchayat) by CSR team (Group CSR and Company CSR jointly)
8. All CSR projects to be done under the SP Foundation banner (individual company and supported by SP Foundation)
9. Quarterly CSR Update including achievement of deliverables to be shared with Chairman, Managing Director, Group Heads
10. Annual Social and Environment Responsibility Report (Objectives, Strategy employed, Results achieved, Learning, Plan forward)

Role of individual Companies and Group CSR:

- Group companies to be the 'Project Custodian' by forming CSR team (team strength depends on project scope) The project will be under the stewardship of this team which shall work in co-ordination with group CSR
- In each Company, CSR will be directly monitored by the Managing Director/CEO, at group level, CSR will work in close co-ordination with the founders
- Each Company to share CSR update report monthly to Group CSR, quarterly CSR report will be submitted to the Managing Director, Chairman and founders
- Employee engagement thru volunteering will be promoted
- Group company commits 2% of PBT towards CSR, the Corpus thus created will be utilized for company-driven projects and for Group supported projects

Information dissemination and communication:

- CSR section on web site
- Newsletter/internal magazines to feature CSR update
- Corporate presentation of all group companies to reflect CSR
- Branding at project site, "Supported by SP Foundation'

Systems and Reporting:

1. Project Proposal in a standardized format for approval at start of Project
2. Project Budget appropriation signed by CSR head and approved by Chairman/Group company MD
3. Monthly CSR report between CSR team members
4. Quarterly CSR Update to MD/Chairman
5. Bi-annual review of all major Projects with NGO partner/ground level organisation
6. Annual Social and Environment Responsibility Report (Objectives, Strategy employed, Results achieved, Learning, Plan forward

Management Commitment:

The group philosophy (that stems from the Founder's vision and action) is sustainable and equitable development. CSR is viewed as integral to business and hence the management will exhibit its seriousness towards CSR by having direct reporting to Promoter (in case of Group CSR) and Company MD (in case of group companies)
The CSR committee constituting Directors will include an Independent Director and preferably an Advisory Board which will guide on CSR strategy and implementation. The Committee will convene once a quarter to measure the CSR progress and to review and evaluate the sustainability agenda, suggest modifications and discuss on role forward. The same will also be discussed in every Board meeting.